

Decision 26-07-004 July 2, 2026

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of Southwest Gas Corporation (U905G) for authority to: (1) issue one or more types of debt securities in the principal amount of up to \$1,150,000,000; (2) refinance previously issued short-term debt securities; (3) refinance previously authorized securities under the Evergreening Authority Guidelines; and (4) enter into one or more interest rate risk management contracts.

Application 26-02-007

**DECISION GRANTING AUTHORITY FOR SOUTHWEST GAS CORPORATION TO ISSUE UP TO \$1,150,000,000 IN NEW DEBT, REFINANCE SHORT -TERM DEBT, REFINANCE AUTHORIZED SECURITIES UNDER THE EVERGREENING AUTHORITY GUIDELINES, AND ENTER INTO INTEREST RATE RISK MANAGEMENT CONTRACTS**

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**DECISION GRANTING AUTHORITY FOR SOUTHWEST GAS CORPORATION TO ISSUE UP TO \$1,150,000,000 IN NEW DEBT, REFINANCE SHORT -TERM DEBT, REFINANCE AUTHORIZED SECURITIES UNDER THE EVERGREENING AUTHORITY GUIDELINES, AND ENTER INTO INTEREST RATE RISK MANAGEMENT CONTRACT**

**Summary**

Pursuant to Public Utilities Code Sections 701.5 and 817 and the Commission's Rules of Practice and Procedure 2.1, *et. seq.* and 3.5, this decision grants Southwest Gas Corporation (Southwest Gas) authority to issue up to \$1,150,000,000 of new debt. This decision also authorizes Southwest to refinance previously issued short-term debt securities, to refinance previously authorized securities under the Evergreening Authority Guidelines, and to enter into interest rate risk management contracts.

The uncontested application is approved.

The proceeding is closed.

**1. Background**

**1.1. Factual Background**

Southwest Gas Corporation (Southwest Gas or Applicant) is a corporation organized and existing under the laws of the State of California and is engaged in the business of distributing and selling natural gas in certain portions of San Bernardino, El Dorado, Placer, and Nevada Counties in California, as a public utility subject to the jurisdiction of the California Public Utilities Commission (Commission). Southwest Gas is also engaged in the intrastate transmission, sale, and distribution of natural gas as a public utility in certain portions of the states of Nevada and Arizona. Affiliates of Southwest (Great Basin Gas Transmission Company, formerly known as Paiute Pipeline Company, and Southwest Gas

Transmission Company) operate interstate natural gas pipelines in Nevada, which are subject to the jurisdiction of the Federal Energy Regulatory Commission. Southwest Gas is a wholly owned subsidiary of Southwest Gas Holdings, Inc., a holding company that owns the shares of common stock of Southwest Gas. The Applicant's Securities and Exchange Commission documents are constructed on a consolidated basis for the multi-jurisdictional utility operations. Financings are therefore planned and completed based on the needs of the consolidated entity, with the only jurisdiction-specific financings being tax-exempt Industrial Development Revenue Bonds in its Southern California and Southern Nevada jurisdictions. Because Southwest Gas is incorporated in California, it receives the financing authority used to support its multi-jurisdictional utility operations from the Commission.

## **1.2. Procedural Background**

On February 12, 2026, Southwest Gas filed Application (A.) 26-02-007 requesting authority to issue up to \$1,150,000,000 in new debt, refinance existing short-term debt, refinance authorized securities under the Evergreening Authority Guidelines, and enter into interest rate risk management contracts. Also on February 12, 2026, the Applicant filed a motion for leave to file confidential financial information under seal.

On April 7, 2026, the California Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed a motion requesting party status to the proceeding. On April 27, 2026, the ALJ issued a ruling granting party status to Cal Advocates. No party protested the Application.

On May 4, 2026, a prehearing conference was held to discuss the category, scope, and schedule for the proceeding. On May 12, 2026, Assigned Commissioner John Reynolds issued a Scoping Memorandum and Ruling (Scoping Memo) for the proceeding.

### **1.3. Submission Date**

This matter was submitted on May 12, 2026, upon filing of the Scoping Memo.

## **2. Jurisdiction**

### **2.1. Authority to Issue Debt Securities**

Pub. Util. Code Sections 701.5 and 817 establish the authority to issue debt securities of the type and in the manner requested by Southwest Gas.

#### **2.1.1. Pub. Util. Code Section 701.5**

Pub. Util. Code Section 701.5 authorizes gas corporations regulated by the Commission to issue bonds or other evidence of indebtedness on behalf of a subsidiary or affiliate provided that the subsidiary or affiliate “engages in activities which support the...gas corporation in its operations or service.” In this case, Southwest Gas indicates that special-purpose entity transactions would involve the use of a subsidiary or affiliate of Southwest Gas to issue debt securities and commit the proceeds from such issuance to Southwest Gas. The proceeds of the issuance by such entities would be lent to Southwest Gas through the issuance of debt securities featuring terms and conditions specified at the time of issuance. We find that the issuance of these debt securities and the capital they generate will benefit Southwest Gas and its ratepayers. Accordingly, Southwest Gas’ request to use a subsidiary or affiliate to issue debt securities is granted, provided the proceeds from such issuance are used by Southwest Gas to

support its utility operations or service, consistent with the requirements of Pub. Util. Code Section 701.5.

**2.1.2. Pub. Util. Code Section 817**

Pub. Util. Code Section 817 identifies the purposes for which a utility may issue long-term debt. Southwest Gas anticipates construction expenditures of approximately \$5,758,000,000 over a five-year period ending December 31, 2030.<sup>1</sup> Southwest Gas intends to issue new debt for the purposes authorized in Pub. Util. Code Section 817 (property acquisition, activities related to facilities construction and payments related to previously issued debt or capital expenditures advanced from the corporate Treasury).

We find that the request is permissible under Pub. Util. Code Section 817. We also conclude that the proposed types of debt securities do not present an undue risk and that there is no other cause to deny the request. We have reviewed Southwest Gas' forecast of capital expenditures, sources, and use of funds for the five-year period ending December 31, 2030. We find the forecast to be reasonable and appropriate. The forecast supports the need for authorization to issue new debt. Accordingly, we find that Southwest Gas should be granted authority to issue up to \$1,150,000,000 in new debt securities. This grant of authority to issue new debt does not obligate the Commission to approve any capital project financed by that debt. Each capital project remains subject to appropriate regulatory review.

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<sup>1</sup> See Application at 6.

### **2.1.3. Commission Financing Rule and General Order (GO) 24-C**

The Commission Financing Rule, adopted in D.12-06-015, sets requirements for public utility issuance of long-term debt. Long-term debt issuance must be conducted in a manner that promotes the lowest long-term cost of capital while adhering to market standards of transparency and competition. It must be made with due regard for current and anticipated market conditions and the financial condition and requirements of the regulated utility. Public utilities with \$25 million or more in annual California operating revenue must use best efforts to utilize and promote Women-, Minority-, Disabled Veteran-Owned Business Enterprises (WMDVBE) in key roles related to the debt security offerings and report upon those efforts. Utilities may use debt enhancements, swaps, and hedges for debt securities, subject to restrictions articulated in the rule. Southwest Gas shall comply with all requirements of the Commission Financing Rule when issuing the debt authorized by this decision.

As a condition of exercising the authority granted in this decision, Southwest Gas shall file a semiannual report with the Commission. The report shall comply with the form and informational requirements established by GO 24-C. The reporting requirement shall extend to each debt security, debt enhancement, swap, or hedge issued under the authority granted by this decision.

### **3. Issues Before the Commission**

Issues to be determined or otherwise considered by the Commission are:

1. Whether the Application complies with the applicable laws, rules, and Commission decisions including but not

limited to Public Utility (Pub. Util.) Code Sections 816-830 Commission Rules of Practice and Procedure (Rules) 2.1 *et. seq.*, and 3.5.

2. Whether to grant Southwest Gas additional authority for debt capital of \$1,150,000,000, that when combined with existing unused debt authority of \$950,000,000, provides the ability to issue an aggregate principal amount of up to \$2,100,000,000 directly through the issuance of one or more types of indebtedness, including, without limitation, the issuance and sale of debentures, bonds, notes, medium-term notes, bank loans, capital leases, accounts-receivable financings, private placement, commercial paper programs, extendible commercial notes, bankers' acceptances, and other short-term instruments which are or may become available in the capital markets or indirectly through governmental entities.
3. Whether to authorize Southwest Gas to refinance, refund, or replace its current level of short-term debt securities through the issuance and sale of authorized debt securities.
4. Whether to authorize Southwest Gas to refinance previously authorized securities at maturity, upon mandatory redemption, upon repurchase for mandatory sinking fund requirements, or upon optional refinancing to reduce financing costs under the Commission's Evergreening Authority Guidelines.
5. Whether to authorize Southwest Gas to enter into one or more arrangements to manage interest rate risk associated with Southwest Gas' outstanding future debt, including, without limitation, interest rate swaps, caps, floors, collars, or similar interest rate management methods.

#### **4. Overview**

Southwest Gas requests authorization to issue up to \$1,150,000,000 of debt securities. Southwest Gas intends to combine this with existing unused debt

authority of \$950,000,000 previously authorized by the Commission, but not yet issued, to generate capital totaling \$2,100,000,000. Southwest Gas states that 13.16 percent of the requested financing authority is expected to be allocated to finance expenditures for its California operations.

#### **4.1. Use of Proceeds**

Southwest Gas intends to apply the net proceeds from the issuance of additional debt to: (i) acquire property; (ii) construct, complete, extend, or improve its facilities; (iii) refund maturing debt; (iv) fund payments or redemption requirements of debt (including any premiums required in connection therewith); (v) retire (through defeasance or otherwise), refinance, or exchange existing short- and long-term debt (including any premiums required in connection therewith); and/or (vi) reimburse its Treasury for monies actually expended from income or from any other money in its Treasury not secured by or obtained from the issue of stocks or stock certificates or other evidence of interest or ownership, or bonds, notes, or other evidence of indebtedness for expansion and betterment of its facilities, with the amounts so reimbursed becoming part of Southwest Gas' general Treasury funds.<sup>2</sup>

#### **4.2. Types of Debt Securities**

Southwest Gas requests authority to issue one or more series of debt securities, with the type of debt security, principal amount, terms, and conditions of each issuance to be determined by Southwest Gas at the time of sale and issuance. The requested debt securities may bear a fixed, floating, or variable rate of interest; may be issued at par or with an original issue discount or premium;

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<sup>2</sup> See Application at 6.

and may have maturities of nine months and up to 40 years. Long-term debt must have a term of more than 12 months.

Southwest Gas requests authority to issue the following types of debt securities:

**A. Bonds or Debentures**

Debt securities may be offered and sold either domestically or in foreign markets, publicly or privately, and may have fixed or variable rates of interest (including interest rates based upon market indices or interest rates set by auction or remarketing or other ratesetting procedures) and may be issued in secured, unsecured, senior, or subordinate form. Such securities will be generally issued in accordance with an indenture, purchase agreement, or other document that would set forth the aggregate principal amount, interest rate or rates, sinking fund payments, maturities, default, and other material provisions and may provide for the conversion into, or the issuance of warrants or rights with respect to, preferred securities or common stock to the extent authorized.

**B. Notes**

Southwest Gas may issue notes which may be offered on a continuous or discrete basis, and may be secured or unsecured, convertible, or with warrants or rights with respect to any debt or equity securities previously authorized or authorized to be issued hereunder, with maturities generally ranging from more than 12 months to 15 years, although maturities of up to 40 years or greater are possible. Such notes may be sold in public or private transactions, domestically or in foreign markets, with fixed or floating rates, in senior or subordinate form, and are generally sold on a best-efforts or agency basis with maturities tailored

to an investor's specific maturity requirements but may be sold in a fully purchased transaction.

### **C. Capital Leases and Accounts-Receiveable Financing**

Southwest Gas may issue debt obligations secured through capital leases or accounts receivable financings. Accounts receivable financings would be accomplished by a pledge, sale, or assignment of the Company's accounts receivable. Southwest Gas anticipates that such transactions would be structured to be a true sale for bankruptcy purposes, a sale for financial reporting, and debt for tax purposes although other structures may be developed using accounts receivable as security or collateral.

### **D. Loans and Private Placement Indebtedness**

Southwest Gas may borrow directly from banks (bank loans), or through direct loans from insurance companies or other financial institutions by private placement of notes or other forms of indebtedness. Southwest Gas may use borrowings of this nature to obtain funds at competitive rates and attractive terms and increase its financial flexibility. Loans and indebtedness incurred in the private placement market may have a delayed drawdown feature, fixed or variable rates of interest (including interest rates based upon market indices or interest rates set by auction or remarketing or other ratesetting procedures), and may be issued in secured or unsecured, senior, or subordinate form. Loans and indebtedness will generally be issued in accordance with an indenture, credit agreement, loan agreement, noteholders agreement, purchase agreement, or other borrowing documents that would set forth the aggregate principal amount,

interest rate or rates, sinking fund payments, maturities, extensions of maturities, events of default, covenants, and other material provisions.

#### **E. Other Floating-Rate Debt**

The types of other floating-rate debt include, but are not limited to, bankers' acceptances, commercial paper programs, extendible commercial notes, and other short-term variable-rate instruments which are or may become available in the capital markets

#### **4.3. Debt Enhancement and Interest Rate Risk Management Contracts**

Southwest Gas requests authority to include certain debt enhancement features in its debt securities or to enter interest rate risk management contracts. Such features and contracts could take several forms including put options, call options, sinking funds, delayed drawdowns, credit enhancement arrangements, interest rate swap agreements, interest rate cap agreements, interest rate floor agreements, interest rate collar agreements, and special-purpose entity transactions. Such arrangements could also include hedging future fixed-rate debt issuances such as Treasury locks, Treasury caps, Treasury collar agreements, forward starting interest rate swaps and forward starting swaptions. Southwest Gas is also requesting that such authority not be considered as additional debt for purposes of calculating the amount of authorization used, since the use of such authority would not increase the amount of the underlying or related securities issued or to be issued. The types of debt enhancements and contracts used for managing interest rate risk associated with outstanding debt are generally described as follows:

**A. Put and Call Options**

Put and call options will permit either the debt security owners or Southwest Gas to repurchase all or a portion of the debt obligation because of changes in interest rates.

**B. Credit Enhancements**

Credit enhancements may include letters of credit, standby bond purchase agreements, surety bonds, insurance policies, or other credit support arrangements.

**C. Sinking Funds**

A sinking fund is a security provision which specifies the pattern of redemptions where the principal will be repaid in some way other than a single lump sum at maturity. Typically, sinking fund redemptions can be completed by repurchasing securities in the market or calling a certain amount at par. Some investors prefer investing in preferred securities and bonds that include a sinking fund provision because it reduces the firm's credit risk. As a result, the inclusion of a sinking fund provision may provide opportunities to reduce the overall cost.

**D. Delayed Drawdowns**

A delayed drawdown feature allows for entering a long-term loan or issuing debt securities where the full principal amount is not borrowed immediately but drawn down in either one disbursement or a series of disbursements over a period of time.

**E. Interest Rate Swap Agreements**

Interest rate swap agreements involve the exchange of a series of interest rate payments between two parties based on a notional amount for a specific period. In such an exchange, one party may convert fixed interest rate payments

into more favorable fixed or floating-rate payments, or convert floating-rate payments tied to one index into floating-rate payments tied to another index, or into more favorable fixed-rate payments.

#### **F. Special-Purpose Entity Transactions**

Consistent with Pub. Util. Code Section 701.5, special-purpose entity transactions would involve the use of a subsidiary or affiliate of Southwest Gas to issue debt securities and commit the proceeds from such issuance to Southwest Gas. The securities may be guaranteed by Southwest Gas, with such guarantees applying to any accrued or unpaid distributions, the redemption price and any repurchase obligations, as well as the liquidation preference. The proceeds of the issuance by such entities would be lent to Southwest Gas through the issuance of debt securities featuring terms and conditions specified at the time of issuance. Similar transactions were first approved for use by Southwest Gas in Decision (D.) 95-08-048.

#### **4.4. Other Interest Rate Management Agreements (Caps, Floors, and Collars)**

Southwest Gas seeks authority to utilize various financial instruments that hedge the risk associated with interest and dividend rate volatility. These hedges include caps, floors, and collars. An interest rate cap is akin to an option whereby the holder of the variable-rate debt pays a premium to gain protection from interest rates rising above the rate specified in the agreement for the term of the cap. An interest rate floor is akin to an option whereby the holder of such debt receives a premium and in exchange agrees to pay a maximum rate should a specified interest rate index fall below the minimum rate during the term of the floor. An interest rate collar is any combination of an interest rate cap and floor.

The types of caps, floors and collars generally used to hedge the risk of future fixed-rate debt issuances are generally described as follows:

**A. Treasury Lock Agreements**

Treasury lock agreements are used to “lock in” the forward rate of a specified Treasury or other security on which a fixed-rate debt will be priced at a specific date in the future.

**B. Treasury Cap Agreements**

Treasury cap agreements are used to “lock in” the maximum forward rate of a specified Treasury or other security on which a fixed-rate debt issuance will be priced at a specified date in the future.

**C. Treasury Collar Agreements**

Treasury collar agreements are used to “lock in” a range of forward rates of a specified Treasury or other security on which a fixed-rate debt issuance will be priced at a specified date in the future.

**D. Forward Starting Interest Rate Swap Agreements**

A forward starting interest rate swap is an interest rate swap agreement that begins on a specified forward date on or near the date of the planned debt issuance. Forward starting interest rate swap agreements are used to “lock in” the forward swap fixed rate, which is composed of the forward rate on a Treasury security of a maturity matching the planned debt issuance plus a swap spread. The forward starting swap agreement is terminated on or before the start date of the interest rate swap. If the forward swap fixed rate increases during the hedge period, then the hedge will result in a gain that will be amortized over the life of the new debt and thereby offset the increase in the interest rate for the new debt issuance. If the forward swap fixed rate decreased during the hedge period,

the new debt would be issued at the lower prevailing interest rate and the loss from the hedge would be amortized over the life of the new debt as an issuance cost.

### **E. Forward Starting Swaption Agreements**

A forward starting swaption agreement gives the right to enter a forward starting interest rate swap agreement at a specified swap fixed rate during a specified period of time. The purchase of a swaption agreement requires an upfront premium payment. If the forward swap fixed rate increases during the hedge period, then the swaption can be exercised and the resulting gain, net of the upfront swaption premium, will be amortized over the life of the new debt and thereby offset the increase in the interest rate on the new debt issued. If the forward swap rate decreases during the hedge period, the swaption would not be exercised and the debt would be issued at the lower prevailing interest rate and the upfront premium would be amortized over the life of the new debt as an issuance cost.

#### **4.5. Limitations and Conditions on Southwest Gas Debt Issuance**

Southwest Gas' request for authority to employ debt enhancements and interest rate management transactions is subject to the uniform limitations and conditions established for utilities by the Commission's Financing Rule. In addition, Southwest Gas' variable-rate exposure (unhedged variable-rate debt and fixed-to-floating rate risk management contracts) is specifically limited by D.02-04-054 (as amended by D.02-04-072) to not more than 35 percent of its total debt outstanding. "Total debt outstanding" includes all fixed-rate and variable-rate debt instruments issued by Southwest Gas but does not include any

short-term financing (debt that will mature within one year of its date of issuance) issued by Southwest Gas.

#### **4.6. Commission's Evergreening Authority**

Use of the Commission's Evergreening Authority was initially granted to Southwest Gas in D.94-12-018. That authorization was subsequently extended in D.00-09-009, as modified by D.00-09-053, D.05-02-049, D.07-09-007, D.10-10-022, D.15-06-051, D.18-07-029, D.20-08-039, D.22-12-014, and D.23-10-005. The extensions were authorized for Southwest Gas to refinance, refund, or replace authorized securities at maturity, upon maturity redemption, upon repurchase or mandatory sinking fund requirements, or upon optional refinancing to reduce financing costs. Under such authority, Southwest Gas has refinanced \$2,231,000,000 of existing securities. Of this amount, \$1,321,000,000 involved refinancings of matured debt and \$910,000,000 involved optional refinancings. Optional refinancings have resulted in the savings of approximately \$5,254,000 to Southwest Gas' cost of debt and preferred securities. Southwest Gas' evergreening authorization is scheduled to expire December 31, 2028.<sup>3</sup>

Southwest Gas requests that such authority be effective through December 31, 2030, unless renewed by Southwest Gas before such date.<sup>4</sup> The Evergreening Authority requested by Southwest Gas would apply to its long-term debt and preferred securities. Southwest Gas proposes to use such Evergreening Authority in accordance with the Evergreening Authority Guidelines and solely for the purposes authorized thereunder.

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<sup>3</sup> See Application at 6-7.

<sup>4</sup> See Application at 7.

We find that Southwest Gas' request for an extension of its Evergreening Authority is reasonable and should be granted as it will minimize borrowing costs, a benefit to ratepayers and Southwest Gas. This authorization remains subject to the Commission's Evergreening Authority Guidelines.

#### 4.7. Pub. Util. Code Section 1904(b) Fee

When a utility seeks authority to issue debt securities, Pub. Util. Code Section 1904(b) requires that the Commission assess a fee based upon the amount of the proposed new financing related to operations in California. The fee is calculated as follows: \$2 for every \$1,000 authorized, up to \$1,000,000; \$1 for every \$1,000 over \$1,000,000 and up to \$10,000,000; and \$0.50 for every \$1,000 over \$10,000,000. Southwest seeks authority to issue \$1,150,000,000 in new debt. 13.16 percent<sup>5</sup> of that debt, approximately \$151,373,000<sup>6</sup>, is related to operations in California.<sup>7</sup> Accordingly, Southwest Gas must pay a fee of \$81,686.33.

**Table 1, Section 1904(b) Fee Calculation**

<b>Line</b>	<b>Calculation of fee (for \$151,373,000)</b>	<b>Amount</b>
A	\$2 x (\$1,000,000/1,000)	\$2,000
B	\$1 x (\$9,000,000/1,000)	\$9,000
C	\$0.50 x (\$141,373,000/1,000)	\$70,686.33
<b>Total Fee</b>	<b>Line A + B + C</b>	<b>\$81,686.33</b>

<sup>5</sup> The California percent total of 13.16% is rounded in the application. For calculation purposes, Southwest Gas uses 13.16283964%.

<sup>6</sup> This number is rounded to the nearest thousandth in the application. For calculation purposes, Southwest Gas uses \$151,372,655.86.

<sup>7</sup> See Application, Exhibit B, at Schedule XIII.

1. Within 30 days from the effective date of this Decision, Southwest Gas Corporation shall remit \$81,686.33 to the Commission pursuant to Public Utilities Code Sections 1904(b) and 1904.1. The authority granted by this Decision shall become effective when the fee required by Pub. Util. Code §1904 has been paid.<sup>8</sup>

## **5. Summary of Public Comment**

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the “Public Comment” tab of the online Docket Card for that proceeding on the Commission’s website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

No public comments were filed in the Docket Card for this proceeding.

## **6. Conclusion**

A.26-02-007 complies with Pub. Util. Code Sections 701.5 and 817, GO 24-C, Rules 2.1 *et. seq.* and 3.5, and the Commission’s Evergreening Authority Guidelines. Accordingly, we authorize Southwest Gas to issue up to \$1,150,000,000 of new debt, refinance previously issued short-term debt securities, refinance previously authorized securities under the Evergreening Authority Guidelines, and to enter into interest rate risk management contracts; subject to compliance with the terms and conditions set forth in the Ordering Paragraphs.

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<sup>8</sup> The payment shall be remitted to the Commission’s Fiscal Office, Room 3000, 505 Van Ness Avenue, San Francisco, CA 94102. The decision number of this Decision must appear on the face of the check.

## **7. Procedural Matters**

This decision affirms all rulings made by the Administrative Law Judge and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

## **8. Comments on Proposed Decision**

The decision grants the authority requested. Cal Advocates is a party to this matter but does not oppose the application. Accordingly, as provided in Rule 14.6(c)(2) of the Commission's Rules, the otherwise applicable 30-day public review and comment period for this decision is waived.

## **9. Assignment of Proceeding**

John Reynolds is the assigned Commissioner and David R. Van Dyken is the assigned Administrative Law Judge in this proceeding.

## **Findings of Fact**

1. Southwest Gas has a reasonable need for authority to issue \$1,150,000,000 in new debt securities. That need is in addition to the need to issue previously authorized, but not yet issued, debt securities.

2. The needed debt will be used to acquire property and construct, complete or extend facilities. It will also be used to refund maturing debt, fund payments, redemptions, retirement, refinancing, or exchange of existing debt and debt premiums. Debt will also be utilized to reimburse the Treasury of Southwest Gas for expenditures for which reimbursement is otherwise authorized by law.

3. The types of securities proposed by the application will provide Southwest Gas the flexibility to issue debt securities at the lowest cost to ratepayers. No good cause exists to prohibit the issuance of the proposed debt securities.

4. The debt enhancements proposed by Southwest Gas improve prices, rates, terms, and conditions of the proposed debt security issuance in a manner that benefits its ratepayers.

5. An extension of the existing Evergreening Authority to December 31, 2030, is reasonable and will benefit the ratepayers of Southwest Gas.

6. California operations account for 13.16 percent of Southwest Gas' revenue. Approximately \$151,373,000 of the authorization sought for new debt is California related.

### **Conclusions of Law**

1. Southwest Gas has satisfied all statutory and regulatory requirements under Pub. Util. Code Sections 701.5 and 817 and Rules 2.1 et. seq., and 3.5 for the Commission to authorize the issuance of up to \$1,150,000,000 in new debt, to refinance previously issued short-term debt securities, to refinance previously authorized securities under the Evergreening Authority Guidelines, and to enter into interest rate risk management contracts.

2. Southwest Gas should comply with requirements of D.12-06-015, the Commission's Financing Rule, and GO 24-C when utilizing debt enhancements, swaps, and hedges with respect to debt securities issued pursuant to this decision.

3. A fee of \$81,686.33 is required by Pub. Util. Code Sections 1904(b) and 1904.1. Southwest Gas should remit such fee to the Commission prior to the issuance of the authorized debt securities.

**O R D E R**

**IT IS ORDERED** that:

1. Southwest Gas Corporation (Southwest Gas) is authorized to do the following pursuant to Public Utilities Code Sections 701.5 and 817:
  - a. Issue, sell, and deliver one or more series of new, long-term debt securities with an aggregate principal amount not to exceed \$1,150,000,000.
  - b. To use the proceeds from the debt securities to (i) acquire property; (ii) construct, complete or extend its facilities; (iii) refund maturing debt; (iv) fund payments or redemption requirements of debt (including any premiums required in connection therewith); (v) retire (through defeasance or otherwise), refinance, or exchange existing short-and long-term debt (including any premiums required in connection therewith); and (vi) reimburse its Treasury for monies actually expended from income or from any other money in its Treasury not secured by or obtained from the issue of stocks or stock certificates or other evidence of interest or ownership, or bonds, notes, or other evidence of indebtedness for expansion and betterment of its facilities, with the amounts so reimbursed becoming part of Southwest Gas' general Treasury funds.
  - c. To issue, sell, and deliver one or more series of the following types of debt securities: mortgage bonds, debt securities secured by a pledge of Southwest's accounts receivable, debentures, notes, unsecured senior debt securities, subordinated debt securities, commercial paper, other floating or variable-rate debt, credit or loan agreements, and other evidence of indebtedness. The principal amount, terms, and conditions of each issue of

debt securities may be determined by Southwest Gas' management and/or board of directors based on market conditions at the time of issuance.

- d. To renew and/or refund commercial paper and other floating or variable-rate debt securities, so that the combined term of the obligations may exceed twelve months without further authorization from the Commission.
- e. To arrange credit facilities for the purpose of issuing the debt securities authorized by this Order, and to modify such credit facilities without further authorization from the Commission, provided that such modifications comply with this Order.
- f. To pledge or otherwise encumber accounts receivable in connection with the issuance and sale of debt securities.
- g. To issue, sell, and deliver debt securities by public offering or private placement.
- h. To use debt enhancements with respect to the debt securities authorized by this Order as identified in Section 4.3 of this Decision including, but not limited to: Standby bond purchase agreements, surety bonds, insurance policies, and other credit-support arrangements; redemption provisions and call options that allow debt securities to be redeemed or repaid prior to maturity; put options that provide the owner of a debt security with the right to sell the security to Southwest Gas or an affiliate under specified terms and conditions; sinking funds; and warrants that entitle the holder to purchase another debt security, provided that debt securities issued pursuant to such warrants comply with this Order.

- i. To issue, sell, and deliver the debt securities authorized by this Order at any time or times, not to exceed the aggregate principal amounts authorized by this Order.
  - j. To use the following financial instruments to reduce financial risks associated with the debt securities authorized by this Order: Interest rate caps, floors, collars, swaps, and forward-starting contracts; and Treasury locks and caps. Such financial instruments shall not be considered as separate debt for the purpose of determining the aggregate principal amount of debt securities issued pursuant to this Order.
2. Southwest Gas Corporation shall comply with the Commission Financing Rule adopted by Decision (D.) 12-06-015, as corrected by D.12-07-003 and General Order 24-C, when exercising any of the authority authorized by this decision.
3. This decision does not authorize or approve any capital projects, construction expenditures, rate base, capital structure, or cost of money.
4. Southwest Gas Corporation may not use proceeds from debt securities authorized by this order to finance a project until it has obtained all necessary project approvals.
5. Within 30 days from the effective date of this Decision, Southwest Gas Corporation shall remit \$81,686.33 to the Commission pursuant to Public Utilities Code Sections 1904(b) and 1904.1. The payment shall be remitted to the California Public Utilities Commission's Fiscal Office, Room 3000, 505 Van Ness Avenue, San Francisco, CA 94102. The decision number of this Decision must

appear on the face of the check. The authority granted by this Decision shall become effective when the fee required by Pub. Util. Code §1904 has been paid.

6. The Evergreening Authority issued in Decision 23-10-005 shall expire on December 31, 2030.

7. Application 26-02-007 is closed.

This order is effective today.

Dated July 2, 2026, at Fort Bragg, California.

JOHN REYNOLDS

President

KAREN DOUGLAS

MATTHEW BAKER

DARCIE L. HOUCK

Commissioners

Commissioner Christine Harada being absent  
did not participate in the vote of this item.